

Message Text

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47

ACTION AF-08

INFO OCT-01 EUR-12 NEA-10 ISO-00 EB-07 COME-00 CIAE-00

INR-07 NSAE-00 AID-05 TRSE-00 XMB-02 OMB-01 OPIC-03

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P R 071629Z SEP 76

FM AMEMBASSY OUAGADOUGOU

TO SECSTATE WASHDC PRIORITY 2226

INFO AMEMBASSY BAMAKO

AMEMBASSY DAKAR

AMEMBASSY LIBREVILLE

AMEMBASSY NDJAMENA

AMEMBASSY JIDDA

AMEMBASSY PARIS

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DEPT PASS AFR SFWA DAVID SHEAR

EO 11652: NA

TAGS: BEXP EAID

SUBJECT: PAN AFRICAN AIR INDUSTRIES (PAAI)

REF: OUAGADOUGOU 2542

1. ON SEPT 6, MS CHATERINE RAZI, ASSISTANT TO PAAI PRESIDENT ROBERTSON, ARRIVED OUAGADOUGOU AND BRIEFED AMBASSADOR ON LATEST DEVELOPMENT REGARDING PAAI ACTIVITIES IN UPPER VOLTA. COLONEL ROBERTSON HAD PREVIOUSLY INFORMED AMBASSADOR BY TELEX OF MS RAZI'S VISIT AND PURPOSE OF HER MISSION.

2. MS RAZI SAID THAT, THROUGH INTERVENTION OF ANTOINE YAMEOGO, IMF EXECUTIVE DIRECTOR, THE MERBAN INTERNATIONAL CORPORATION, A SWISS FINANCIAL INSTITUTION BASED IN NEW YORK (PRESIDENT IS A MR CHARLES BAUDOIN), HAS AGREED TO GRANT LOAN OF DOLS 15 MILLION TO PAAI FOR FIRST PHASE OF PAAI OPERATIONS

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IN WEST AFRICA. THIS LOAN IS TO BE NEGOTIATED WITHIN NEXT FEW

WEEKS. MEANWHILE, IN ORDER TO PERMIT PAAI TO PROVIDE SEEDS, FERTILIZER, ETC. NEEDED FOR CURRENT VEGETABLE GROWING SEASON AND TO BUILD WAREHOUSES AND COLD STORAGE SPACE REQUIRED IF AIR FREIGHT OPERATIONS ARE TO BEGIN IN JAN 1977, MERBAN IS WILLING TO ADVANCE PAAI IMMEDIATELY DOLS 2 MILLION, PROVIDED GOUV AGREES TO DEPOSIT SAME AMOUNT FROM ITS RESERVES IN MERBAN'S AFFILIATE IN PARIS, THE CHEMICAL BANK. MS RAZI'S MISSION TO CONVINCE MINISTER OF FINANCE KALMOGO TO EFFECT THIS TRANSFER WITHIN NEXT FEW DAYS AS COLLATERAL FOR TWO MILLION DOLLARS ADVANCE.

3. MS RAZI SHOWED AMBASSADOR COPY OF LETTER FROM ANTOINE YAMEOGO TO PRESIDENT LAMIZANA EXPLAINING IN DETAIL PURPOSES OF THESE TRANSACTIONS AND NECESSITY FOR QUICK ACTION. YAMEOGO CLAIMS THAT UPPER VOLTA NOW HAS EIGHTY MILLION DOLS IN RESERVE, INCLUDING SEVENTY ONE MILLION IN FOREIGN EXCHANGE, 3.7 MILLION IN IMF RESERVE AND 5.1 MILLION IN SDR'S. HE CONCLUDES THAT THERE IS NOTHING WRONG WITH USING SOME OF THESE RESERVES AS COLLATERAL FOR LOANS WHICH WILL FINANCE DEVELOPMENT ACTIVITIES IN UPPER VOLTA.

4. EMBASSY IS NOT IN POSITION TO PASS JUDGEMENT ON FINANCIAL MERITS OF PAAI'S AND YAMEOGO'S PROPOSALS BUT IT DOES SEEM TO US THAT THE WHOLE PROPOSED PAAI OPERATION HAS NOT BEEN THOROUGHLY THOUGHT OUT, AND THAT THE FEASIBILITY OF THE VARIOUS ACTIVITIES WHICH PAAI PROPOSED TO BORROW FROM MERBAN REPRESENTS THE 30 PER CENT WHICH GOUV HAD AGREED TO GUARANTEE SO THAT DURING THE FIRST PHASE AT LEAST, GOUV IS IN FACT GUARANTEEING 100 PER CENT OF THE OPERATION. IT IS CLEAR THAT PAAI ON ITS OWN DOES NOT HAVE READY ACCESS TO SOURCES OF FINANCING AND ONE WONDERS HOW IT PROPOSES TO BUY OR LEASE THE 28 AIRPLANES ENVISAGED FOR AIR FREIGHT OPERATIONS. EMBASSY IS ANXIOUS TO ENCOURAGE AMERICAN INVESTMENTS IN UPPER VOLTA BUT THERE ARE MANY ASPECTS OF THIS PARTICULAR CASE WHICH WE FIND DISTURBING.

5. WE WOULD APPRECIATE DEPARTMENT'S COMMENTS ON FINANCING PROPOSALS PRESENTED BY PAAI AND BY YEAMEOGO. WE WOULD ALSO WELCOME ANY ADDITIONAL INFORMATION ON PAAI WHICH MIGHT HAVE SURFACED SINCE STATE 174444. FINALLY, ANY INFORMATION ON THE MERBAN INTERNATIONAL CORPORATION, ON ITS PRESIDENT, IHARLES LIMITED OFFICIAL USE

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BAUDOUIN AND ON THE CHEMICAL BANK OF PARIS WOULD ALSO BE APPRECIATED.
GRAHAM

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Message Attributes

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